

ENCLOSURE II

PROGRAM REQUIREMENTS AND ALLOCATION

METHODOLOGIES

This enclosure lists the program requirements and the allocation methodologies applied to each funding source for all state and federal funds (i.e., direct contracts, set-asides, SAPT) used in the FY 1997-98 Budget Act Allocation.

I. STATE GENERAL FUND

CONDITION OF FUNDING

The primary purpose of the Department of Alcohol and Drug Programs' (ADP) State General Fund (SGF) is to satisfy all Drug Medi-Cal (D/MC) services funding requirements; therefore, the Department's allocation methodology for these funds must address Medi-Cal utilization and long-term needs at the county level. For FY 1997-98, the Department developed D/MC projections, which were designed to meet these objectives.

METHODOLOGY

The allocation of SGF is done in a two-part process. First, sufficient funds are allocated to meet the D/MC needs in each county based on the projection. Second, remaining funds are allocated for non-D/MC services as described below:

A. Regular SGF - \$58,197,308

\$56,384,000 FY 1997-98 Budget Act Appropriation

\$1,813,308 Reappropriated Funds

1. Allocated a sufficient amount of SGF (\$28.0 million) to meet the D/MC needs in counties identified in the Department's projections. The allocation of these funds was based on a ratio of each county's FY 1996-97 D/MC contract to the combined total of the contracts. Each county's ratio was then multiplied by the Department's projections in order for sufficient funds to be allocated to each county.

Drug/Medi-Cal Projection: Growth in demand for D/MC services for FY 1997-98 was projected through the use of forecasting techniques based on total client growth and total growth in the percent of clients who are Medi-Cal eligible. The data was accessed independently for each service type for the most recent eleven quarters of data available from the California Alcohol and Drug Data System (CADDs). Within each service type,

the percentage of clients who met D/MC criteria was identified for the same eleven quarters. Growth was projected based on the trends in total number of clients and the percent meeting eligibility criteria by service type. The resulting percentage was applied against the total client numbers to obtain the number of D/MC clients within each service.

2. Allocated the historical amount to Minimum Base Allocation (MBA) counties, or their Drug Medi-Cal need, whichever is greater.

3. Used the remaining amount to adjust for the loss of SGF, by county, in comparison to FY 1993-94 allocations.

4. Allocated \$1.8 million in one-time reappropriated funds to those counties experiencing a loss of regular SGF when compared to their FY 1993-94 allocation. The allocation is based on each county's percentage of loss to the total loss for all counties.

B. Direct D/MC Service Contracts

Any county that elects not to, or fails to, provide covered services to eligible D/MC beneficiaries in accordance with federal and state statutes will forfeit its SGF needed to operate these services. The Department will contract directly with certified D/MC providers in that county for these services.

C. Out-of-County - \$1,410,445

Reappropriated funds from FY 1996-97 were allocated to counties for costs incurred in connection with serving residents of other counties. Funds were allocated by comparing D/MC costs for approved services to out-of-county clients using the summary of Drug/Medi-Cal Approved Services For Out-Of-County D/MC clients (see Attachment 1). County residency is determined by Department of Health Services and the location where the beneficiary applied for Medi-Cal benefits.

D. Perinatal SGF - \$21,078,000

1. Allocated sufficient Perinatal SGF (\$3.7 million) to meet the perinatal D/MC need in counties identified in the Department's projections. The allocation of these funds was based on a ratio of each county's final FY 1996-97 Perinatal D/MC contract to the combined total of the contracts. Each county's ratio was then multiplied by the Department's projections in order for sufficient funds to be allocated to each county.

2. Allocated \$1.2 million to cover counties' Perinatal Transitional Living Programs.

3. Each county received their perinatal D/MC needs or their allocation of the previous year, whichever amount is greater.

4. Alpine County elected not to participate and did not receive Perinatal SGF.

II. Reimbursements

A. Parolee Services Networks - \$8,257,700

CONDITION OF FUNDING

The California Department of Corrections continues to make funds available during FY 1997-98 for residential and non-residential alcohol and other drug treatment and recovery services to parolees in the counties of Alameda, Contra Costa, Fresno, Los Angeles, Marin, Napa, San Diego, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

Contra Costa County is receiving \$105,302 and Santa Clara County is receiving \$52,398 additional funds. The allocation level for all other counties remains at the same level as in the Governor's Preliminary Budget Allocation.

METHODOLOGY

The allocation methodology is based on per capita costs spent on the total parolee population in the Parolee Services Network.

III. FEDERAL TRUST FUND

Substance Abuse Prevention and Treatment Block Grant Program

The existing terms and conditions for use of the SAPT Block Grant funds continue to apply. The alcohol and drug program set-aside requirements for county expenditure of SAPT Block Grant funds remains at no less than 35 percent of their total allocation for alcohol treatment services and no less than 35 percent for drug treatment services. Federal law and regulations establish the requirements for expending these funds. Please refer to the County/Provider SAPT Block Grant Guidelines issued in September 1993 for details.

A. SAPT Block Grant Funds for Supplemental Security Income - \$9,537,961

\$6,941,066 SSI Funds

\$365,319 SSI/DA/A HIV Set-Aside

\$2,231,576 97 Unexpended Funds

CONDITIONS OF FUNDING

The State's share of the SAPT Block Grant Social Security Income supplement for FY 1997-98 is \$7.3 million, which includes \$365,319 for HIV Set-Aside for former Social Security Income (Drug Addiction and or Alcoholism) clients. The following conditions apply for the use of these SAPT Block Grant supplemental funds:

Of these funds, \$6.9 million must be used to provide treatment to current and former SSI recipients with a primary diagnosis of drug addiction and/or alcoholism as first priority. The set-aside for primary prevention services and alcohol and other drug prevention and treatment activities do not apply. States are directed by statute to give services for treatment priority in expending these funds. The requirement is still in effect with this SAPT Block Grant supplement for the HIV Set-Aside (\$365,319). The funds must be separately identified and tracked in order to maintain proper accountability for their use. (A separate line in the NNA contract will be included to identify the SSI funds and SSI/HIV set aside separately.) Funds awarded under this grant must be obligated by September 30, 1997, and expended by September 30, 1998, which is the same obligation period as the base Block Grant funds.

METHODOLOGY

The SSI (DA/A) SAPT Block Grant funds have been allocated to counties based on Social Security Administration data of the total SSI DA/A recipients, by county who were determined ineligible effective January 1997. This methodology, cited by Congressional intent and the federal funding agency is to ensure that these funds are targeted for treating those individuals who have lost SSI eligibility due to a termination of the drug addiction or alcoholism as a covered benefit.

B. Total SAPT Discretionary - \$138,661,728

\$124,218,217 SAPT Discretionary

\$7,228,420 Ongoing SAPT Discretionary Increase

\$7,215,091 FY 1996-97 Unexpended SAPT Funds

METHODOLOGY

The FY 1997-98 discretionary SAPT Block Grant allocation base amount is allocated the same as in FY 1996-97 with the following adjustments:

1. The funding level and methodology remains the same as the Governor's Budget Allocation.
2. An additional \$7.2 million in unexpended FY 1996-97 SAPT funds is allocated to those counties which identified the funds on April 1, 1997.

C. Total Prevention Set-Aside Allocated - \$35,961,180

\$33,032,253 Prevention Set-Aside

\$2,574,404 Ongoing Increase

\$354,523 FY 1996-97 Unexpended Funds

CONDITIONS OF FUNDING

Federal law and regulations establish the requirements for expending these funds. Please refer to Appendices A and B of the County/Provider SAPT Block Grant Guidelines issued in September 1993 for details.

METHODOLOGY

The terms of the SAPT Block Grant require that states use at least 20 percent of the total award for prevention services. The Department calculated each county's share of the Prevention Set-Aside requirement by using an equal percentage of each county's total SAPT Block Grant allocation for FY 1997-98.

D. Total HIV Services Set-Aside - \$11,013,825

\$8,449,943 HIV Set-Aside

\$643,601 Ongoing HIV Increase

\$1,920,281 FY 1996-97 Unexpended funds

CONDITIONS OF FUNDING

Federal law and regulations establish the requirements for expending these funds. Please refer to Appendices A and B of the County/Provider SAPT Block Grant Guidelines issued in September 1993 for details.

METHODOLOGY

HIV Set-Aside allocation methodology (including \$365,319 SSI HIV Set-Aside funds and \$643,601 HIV Set-Aside ongoing increase) are based on five indicators. Data is received for these indicators in each county and their weighted amount are as follows:

30 percent on the number of unique clients served who used needles.

30 percent on the total intravenous drug user (IDU) -AIDS cases reported.

30 percent on the number of IDU positive tests reported.

7 percent on the number of Syphilis cases reported.

3 percent on the number of HIV positive neonatal tests.

A ratio has been calculated by dividing the weighted indicators for each county into the weighted total. Each county's ratio was then multiplied by the total available funds to determine each county's share. Funds from those counties who declined the HIV Set-Aside were allocated to the participating counties using the same allocation methodology.

The Department will continue its review of the current indicators to determine the extent to which they accurately reflect the demand for HIV-related services. This evaluation process may result in the utilization of new indicators when allocating HIV funds in future allocations. It is our goal to complete this process by the next fiscal year's Budget Act allocation.

E. Total Perinatal Set-Aside Allocated - \$16,341,093

\$15,554,000 Perinatal Set-Aside

\$787,093 FY 1996-97 Perinatal Unexpended funds

CONDITIONS OF FUNDING

Counties may use the SAPT Perinatal Set-Aside funds to expand static capacity in existing perinatal programs, add new perinatal services (e.g, case management) or programs, and change existing programs.

Counties must use these funds to maintain existing perinatal treatment capacity and programs, since the Department counts these funds toward the Perinatal Set-Aside. The Perinatal Program is part of the Perinatal Services Network and subject to the requirements set forth in the Perinatal Services Guidelines.

METHODOLOGY

Public Law 102-321, Sections 1922(c)(1)(A) and (B), require states to use 5 percent each of the FFY 1993 and 1994 SAPT Block Grant awards for increasing the availability of treatment services to pregnant women and women with dependent children. The sum of the product of FFY 1993 and FFY 1994 is \$16,341,903, and is the minimum maintenance of effort required of SAPT Block Grant funds for perinatal programs.

F. Total Female Offender Treatment Services Allocated - \$728,640

\$644,640 Female Offender

\$84,000 FY 1996-97 Female Offender Unexpended Funds

CONDITIONS OF FUNDING

The terms and conditions for expenditure of these funds remain the same.

METHODOLOGY

The Department based funding for the California Institution for Women Female Offender Project on the historical level, which has remained constant since the inception of the program.

G. Special Projects/Media Campaigns - \$421,500

\$288,000 Ongoing SAPT Special Projects/Media Campaigns

\$50,000 Sacramento County Evaluation

\$83,500 FY 97-97 Unexpended Special Projects/Media Campaign Funds

METHODOLOGY

The Department allocates funds to Los Angeles for the Alcohol Center for Women; to Tulare for the Tule River Tribal Council; and to Modoc for the Modoc Indian Health Project. Allocation levels for these projects are the same as FY 1996-97.

In addition, the Department continues to allocate funds for the two media campaigns at FY 1995-96 levels: \$65,000 to Los Angeles for the Hispanic Women's Media Campaign and \$27,500 each to Alameda and Los Angeles for the African American Women's Media Campaign.

The Department continues in FY 1997-98 Sacramento County's evaluation for the Alcohol and Other Drug Treatment Initiative training, with funding of \$50,000.

The "Homeless Youth Projects" in San Francisco and Los Angeles counties ended in FY 1996-97.

H. SAPT One-Time Savings - \$3,000,000

METHODOLOGY

An additional \$3.0 million in SAPT Block Grant funds are available to counties in FY 1997-98. These funds are allocated using the single methodology for all new funds.

CONDITIONS OF FUNDING

These funds are available to counties for discretionary purposes and are considered one-time funds. The funds will be available in FY 1998-99, and FY 1999-2000.

The Department anticipates that counties and providers will spend a portion of the funding on informational technology costs associated with providing treatment and prevention services. This may include the purchase of personal computers, modems,

printers, and software that will facilitate client assessment, program accountability, billing and claiming, storage and retrieval of data, and two-way transmission of accurate information among providers, counties and the Department.

I. Interim Services/Capacity Management Requirements Allocated

CONDITIONS OF FUNDING

Requirements for providing interim services to intravenous drug users (IDUs) and pregnant and/or parenting women are set forth in the County/Provider SAPT Block Grant Guidelines issued in September 1993. Please refer to these guidelines for specific details on the requirements for interim services and capacity management.

J. Tuberculosis Program Requirements

Federal law and regulations establish the requirements for expending these funds. Please refer to Appendices A and B of the County/Provider SAPT Block Grant Guidelines issued in September 1993 for details.

IV. SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES GRANT

A. Community Based Prevention Grant Allocated - \$4,762,166

\$1,049,842 Community-Based Prevention

\$2,597,000 Ongoing Community-Based Prevention

\$1,115,324 FY 1996-97 Unexpended Community-Based Prevention

CONDITIONS OF FUNDING

These funds are limited to services for children and youth who are not normally served by the State or local education agencies as defined in the SDFSC Act of 1994; or populations that need special services or additional resources (such as preschoolers, youth in juvenile detention facilities, runaway or homeless children and youth, pregnant and parenting teenagers, and school dropouts). The 10 percent school, school district, or community organization match is no longer required.

Use of all SDFSC grant funds must comply with requirements set forth in the Safe and Drug-Free Schools and Communities Act of 1994, Title IV of the Elementary and Secondary Education Act of 1965 (P.L. 103-382). These requirements are summarized in Exhibit C1 of the Negotiated Net Amount contract and include authorized use of funds, allowable administrative costs, and levels of accountability.

METHODOLOGY

The funds for Community-Based Prevention were allocated at the historical funding level.

The \$2,597,000 ongoing increase (\$750,000 increased in FY 1997-98) has been allocated using the single methodology for all new funds.

B. Total Friday Night Live (FNL) Allocated - \$564,000

Club Live (CL) Allocated - \$543,000

\$534,000 FNL

\$30,000 FY 97-97 FNL Unexpended Funds

\$510,000 CL

\$33,000 FY 97-97 CL Unexpended Funds

CONDITIONS OF FUNDING

FNL and CL programs are partnership programs between ADP and interested counties. The terms and conditions for expenditure of these funds must meet the requirements in the SDFSC Act of 1994 and are unchanged from FY 1996-97.

METHODOLOGY

The Department provides approximately 20 percent of the funding while counties provide the remaining 80 percent funding for operating the programs.

All participating counties with populations of over 200,000 (large counties) are allocated \$15,000 with the exception of San Diego, Orange, and Los Angeles Counties. Since San Diego and Orange counties' populations are over one million, their allocations (\$30,000) are twice that of other large counties. Los Angeles County's allocation (\$75,000) is five times more than the allocation of large counties. Counties with populations of less than 200,000 have been allocated \$3,000. Counties not receiving FNL/CL allocations elected not to participate.

C. California Mentor Initiative - \$1,010,000

CONDITIONS OF FUNDING

In addition to the contractual requirements contained in the NNA contract, California Mentor Initiative (CMI) funding is subject to the terms and conditions contained in the document entitled "Conditions for Use of Funding Received Under the California Mentor Initiative Allocation (ADP-RFA-CMI), Line 68A of the County Prevention and Treatment Programs Fiscal Summary."

Funding received under the CMI allocation shall be used only for those activities contained within the county's proposal submitted under ADP-RFA-CMI, and any amendments.

Funds to support local mentoring programs are being made available to County Alcohol and Drug Programs through an RFA process. Funds are being allocated to 20 counties for this program during FY 1997-98. These one-time grant awards, may be expended over a twenty-four month period.

METHODOLOGY

The award amounts for MBA counties have increased from \$10,000 to \$20,000 and from \$50,000 to \$70,000 for all other counties. Counties which receive multiple awards (Los Angeles and San Diego) will have an increase in each award they receive.